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1990/11/29

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United States Department of State

Washington, D. C. 20520

16



QIAN
VISIT

BRIEFING MEMORANDUM
S/S

CAPTION REMOVED BY S/S (EK) ON

5/25/95

TO: The Secretary

THROUGH: P - Robert M. Kimmitt

FROM: EAP - Richard H. Solomon

SUBJECT: Meeting with Chinese Foreign Minister Qian
November 30
The Deputy Secretary's Conference Room
11:00 a.m.

I. SETTING AND OBJECTIVE

- o The focus of your discussion with Qian in Washington should be bilateral relations. He will come directly from New York following the November 29 vote on the pending UNSC resolution authorizing the use of force to resolve the Gulf crisis.
- o Qian aims for his visit to symbolize a restoration of normal relations with the US. Although he may recognize that we cannot lift all sanctions immediately, Qian is likely to push hard for a commitment from you to visit China and for easing of economic sanctions.

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II. AGENDA

- o Human Rights. Stress that progress must be made in the areas where we have expressed concern if we are to lift our suspensions of support for IFI lending, high-level exchanges, and weapons deliveries.
- o Taiwan. If raised. Reassure Qian that we have not changed our policy with respect to arms sales or Taiwan independence, and encourage Beijing to work with Taipei to develop a mutually agreeable formula for participation in GATT and APEC.
- o Strategic Dialogue. Recommend detailed discussion of Korea and Cambodia be reserved for the working lunch, and indicate further discussion of global and regional issues will take place during the Kimmitt visit to China.

The following agenda items will be taken up at lunch if there is no time to address them during the bilateral meeting:

- o Non-Proliferation. Emphasize that the Gulf crisis highlights the need to control ballistic missile, chemical weapon, and nuclear proliferation and we therefore urge a public PRC commitment to these goals.
- o Economic Issues. Note our continuing commitment to a strong economic/commercial relationship, including China's access to U.S. advanced technology. Express concern that the growing bilateral trade deficit, increased market access barriers, inadequate intellectual property rights protection and disagreements over satellite launch pricing could become serious bilateral issues if not satisfactorily addressed soon.

III. PARTICIPANTS

US

The Secretary
Ambassador Lilley
Secretary Eagleburger
Secretary Kimmitt
Secretary Bartholomew
Assistant Secretary Solomon
Assistant Secretary Tutwiler
Counselor Ross
Assistant Secretary Schifter
NSC Director Paal
EAP/CM Wiedemann (notetaker)
James Brown (interpreter)

PRC

Foreign Minister Qian
Ambassador Zhu Qizhen
Zhang Yijun, MFA: Americas
Shen Guofang, Secretary to FM
Ma Zhengang, Counselor, Embassy
Lu Shumin, MFA
Tian Junting, MFA
Gao Shumao MFA
Wei Yanjun, MFA
Ma Xuesong (interpreter)

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IV. PRESS COVERAGE

o None

Attachments:

Tab 1 - Scenesetter

Tab 2 - Talking Points

Tab A - Introductory Remarks
Tab B - Human Rights
Tab C - Non-Proliferation
Tab D - Economic Issues
Tab E - Taiwan

Tab 3 - Background

Tab A - Human Rights
Tab B - Non-Proliferation
Tab C - Economic Issues
Tab D - Taiwan
Tab E - The "Package"

Tab 4 - Biographic Information on Qian Qichen

Drafted: EAP/CM - KWiedemann
SECMDR 354 11/29/90 7-6300

Cleared:

EAP - DAnderson
T - RBartholome (PROLIFERATION/ARMS CONTROL ONLY)
PM - WRope (PROLIFERATION/ARMS CONTROL AND
MILITARY RELATONSHIP)
NEA - TSchaffer (PROLIFERATION/ARMS CONTROL ONLY)
ACDA - SDavis (PROLIFERATION/ARMS CONTROL ONLY)
HA - JGilder (ECON AND HUMAN RIGHTS ONLY)
EB/OT/ODC - DJensen (ECON only)
EB/COCOM - AWinton (ECON only)
EB/IFD/ODF - LButcher (ECON only)
EB/IPC - HWinter (ECON only)
P - CKartman

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Washington, D.C. 20520

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TO: The Secretary
THROUGH: P - Robert M. Kimmitt
FROM: EAP - Richard H. Solomon
SUBJECT: Scenesetter: PRC Foreign Minister Qian's Visit
to Washington, November 30 - December 1

Qian's visit comes at a time when the Chinese are feeling confident about their international image and the boost in prestige and legitimacy they have received in recent months. They passed through the one year anniversaries of the turmoil of 1989 last spring and summer without violence; they hosted the Asian Games without any embarrassing demonstrations or incidents; and they have burnished their credentials for participation in key global and regional issues by contributing to handling of the Gulf crisis and Cambodia. The decision by the Japanese and the EC to resume previously suspended activities undoubtedly led the Chinese to believe that Western resolve on sanctions was failing and that the US was becoming increasingly isolated on China policy.

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APPEALS REVIEW PANEL DATE 06/01/95

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In the long run, China's stability and modernization are dependent on strong ties to us and to other Western democracies. It is in our interest to move them toward stronger ties with the West; we need their support in the post-Cold War world in the UN Security Council, as a cooperative partner in regional issues such as Cambodia, and as a responsible member of the world community in the context of transnational issues such as missile, CBW, and nuclear proliferation.

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TALKING POINTS

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INTRODUCTORY REMARKS

- o During our meeting in New York and previous meetings you and I have established a strong personal relationship that allows us to discuss our mutual concerns with openness and frankness. Since we established contact almost twenty years ago, we have weathered difficult times and overcome them, thanks to the statesmanship of PRC and US leaders.

- o President Bush, as you know, is strongly committed to improving relations with China. The President has demonstrated his commitment in the months since Tiananmen.

- o As he noted in his letter to President Yang, President Bush is gratified by China's cooperation on the Gulf crisis. As I mentioned in New York Wednesday, we should build on this cooperation to take the remaining steps necessary on both sides to get our relations back on track.

- o These are times of rapid change throughout the world, making it all the more important for us, as two major powers, to have a full understanding of each others' perspectives and policy approaches to a new international environment.

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APPEALS REVIEW PANEL, DATE 2/2/96

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- o We are prepared to proceed with Under Secretary Kimmitt's visit. We appreciate your invitations to Under Secretary Bartholomew and Assistant Secretary Schifter to travel to China. A/S Schifter could go in December. We would like to announce A/S Schifter's visit publicly after your visit. Is this acceptable to your side?

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- o I said at the outset that we have weathered difficult times in our relations and overcome them. Let us overcome the problems between us now so that we can focus our energy and attention on the strategic issues in the East Asian region and throughout the world of vital concern to our two countries. During our discussion, let us focus in this session on bilateral issues; Secretary Kimmitt can address key regional issues of Cambodia and Korea during the working lunch, and can conduct further discussions on global and regional issues when he travels to China.

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HUMAN RIGHTS

- o The contention that the U.S. is using human rights to undermine China's stability could not be farther from the truth. Fostering a strong, united, prosperous, stable China has been a fundamental tenet of American foreign policy for most of this century.
- o We have urged you to improve certain aspects of your human rights performance both because these are obligations incumbent on all nations, as reflected in the Universal Declaration of Human Rights, and because doing so would contribute to achievement of the goals of prosperity and stability that we all seek for China.

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- o We would like to move toward restoring the excellent relations we enjoyed before June 1989. My invitation for you to visit Washington is a demonstration of that intent.

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Tibet

- o We appreciate the more restrained approach your security forces have adopted since the lifting of martial law in May, and the resumption of access to Tibet for foreign officials and journalists.

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NON-PROLIFERATION

- o Non-Proliferation is an issue of growing importance and visibility, particularly in view of the serious threat posed by Iraq's chemical and missile arsenals and its pursuit of nuclear and biological weapons capabilities.
- o A vigorous and public non-proliferation role by China would be a responsible contribution to common security interests, and would strengthen the US-China bilateral relationship.

[REDACTED]

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- o It should be possible for China to find a way to say publicly that, in the exercise of its sovereignty, its missile export policy will be parallel to, not different from, the policy adopted by all the other major powers. Will you consider this and communicate to me your response?
- o We welcomed China's decision to send an observer delegation to the 1990 NPT Review Conference. A decision by China to join the NPT would be warmly greeted by the substantial majority of the world community that already adheres to the treaty.
- o Proliferation is a serious threat to regional stability:
 - Middle East: We need to ensure that Iraq does not add nuclear weapons to its chemical and missile capabilities.
 - North Korea: The US considers the potential proliferation problem on the Korean peninsula to be the most serious security issue in East Asia.

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NON-PROLIFERATION (cont.)

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- o At the same time, we will want to continue the policy-level dialogue initiated by Ambassador Zhu and Under Secretary Bartholomew. You have invited Under Secretary Bartholomew to visit China to discuss this and other international security issues; this would be a positive step at the right time.


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ECONOMIC ISSUES

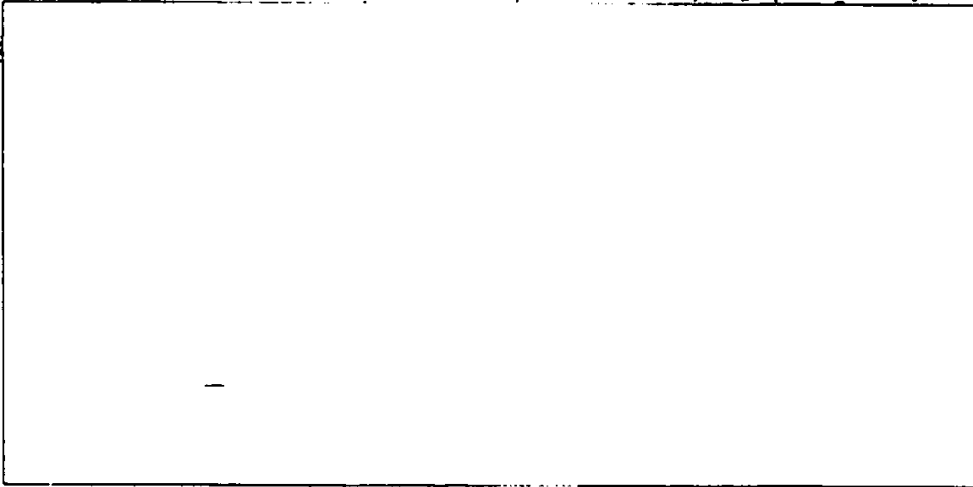
- o Both sides have derived substantial benefit from the economic relationship. Trade and investment have also served as an important stabilizing influence in relations. We need to ensure that the commercial relationship prospers. But this will require efforts on both sides.
- o The President has taken important steps to maintain the commercial relationship. He renewed China's MFN status, despite strong Congressional opposition, and fought off Congressional attempts to overturn his decision. He kept U.S. export financing programs open in China and waived Congressional sanctions to permit Export-Import Bank lending to continue. He also waived Congressional sanctions to permit the licensing of the Asiasat satellite for launch by China.
 - U.S. policies, with relatively few exceptions, continue to provide China with access to advanced technology.
 - Support for World Bank lending has also continued to the maximum extent possible given legislative constraints and other important concerns, especially human rights.
- o The U.S. has been supportive of China's interest in joining the GATT. We would like to see China become a member on appropriate terms agreed upon by the GATT membership. Like other GATT members, however, we are concerned about China's trade barriers. As soon as China can address these concerns, we would be prepared to support advancing its application.
 - As I told you at the UNGA, the U.S. would also like China to participate in the APEC process but China's position on this matter causes problems. We support Korea's efforts to find a solution so that China, Taiwan and Hong Kong can participate at the same time on terms acceptable to the three and all APEC members. The fact that "economies" rather than "countries" participate offers the possibility for creative solutions. I hope that China can be imaginative in helping find a solution.
- o We are very concerned that trade frictions could harm the overall relationship in the present atmosphere.
 - The US-China trade deficit, according to U.S. projections, will approach \$11 billion in 1990. We appreciate China's initiative in sending a buying mission. But we have a great deal of experience with trade deficits and know all too well that buying missions are not enough. Real progress on improved market access is essential to address the problem.


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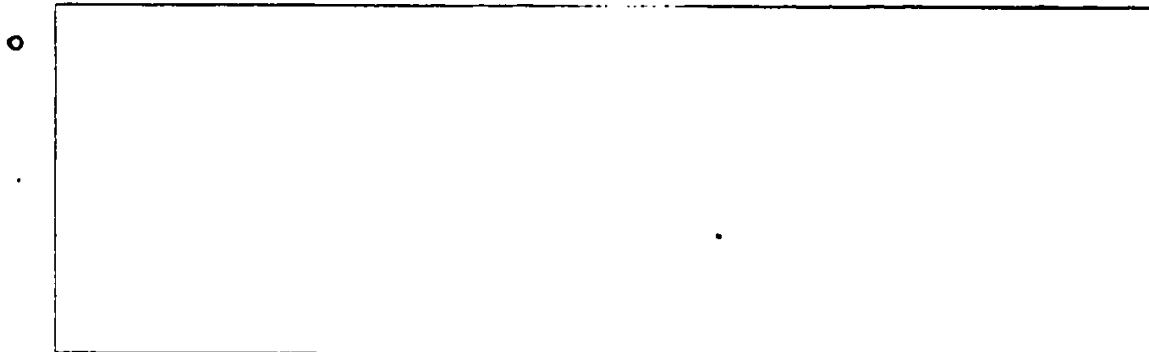
ECONOMIC ISSUES (cont.)

- Improvements in the protection of U.S. intellectual property rights in China is an important concern as well. We look forward to the visit of Trade Vice Minister Gu Yongjiang in December so that we can begin mapping out a plan to address both these issues in a constructive way. U.S. industry and the Congress will be following our progress closely.



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Economic Sanctions (if raised)



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TALKING POINTS: TAIWAN (IF RAISED)

- o Our policy with respect to Taiwan has not changed.
- o We will continue to implement our Taiwan policy on the basis of adherence to the three communiques.
- o We have welcomed developments in your "open-door" policy toward Taiwan—including an unprecedented flow of indirect trade, tourism, and investment—that have contributed to a relaxation of tension in the Taiwan Strait.

(IF PRESSED)

- o Arms Sales. Our policy toward Taiwan, including our arms sales to Taipei, will continue to be implemented in accordance with the three communiques. We have no intention of changing that fundamental tenet of our Taiwan policy.
- o Taiwan GATT. The Administration's policy on the question of Taiwan's application to the GATT remains unchanged. We support eventual membership for both China and Taiwan on meaningful terms agreed upon by GATT contracting members.
 - We hope that differences between Beijing and Taipei over GATT membership can be resolved so that China and Taiwan's participation in the organization is a positive development for GATT and not one which divides it.
- o Taiwan APEC. We look forward to the participation of China, Hong Kong, and Taiwan in APEC. We support the APEC ministerial decision that whatever formula is worked out should be acceptable to all three and that the three should enter APEC simultaneously.


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BACKGROUND

HUMAN RIGHTS

- o The human rights picture in China remains mixed. Repression has eased significantly since the beginning of the year, but is still much more severe than during most of the 1980's. The intense dispute within the leadership about whether to relax further is an integral part of their struggle over the general direction of Chinese policy and the succession to Deng Xiaoping.
- o At Deng's increasingly open insistence, the leadership has agreed to a number of positive steps in recent months.
 - In addition to the announced release of 881 political detainees since January, we know that several more detainees, including some very prominent dissidents, were quietly released in July and August.
 - A new Administrative Procedure Law took effect October 1. For the first time, Chinese citizens will be able to take abusive officials to court.
 - Chinese media have begun to acknowledge the validity of the concept of human rights, and that China's performance falls far short of ideal.
 - At the same time, Beijing has agreed to establish a regular dialogue on human rights with the U.S. and the European Community, agreed to a first-ever visit by A/S Schifter, and permitted a Department officer to tour and photograph Tibet's main prison.
 - Writers and editors are again beginning to test the limits of acceptable diversity of opinion. We have seen published calls for a return to rapid implementation of a number of economic reforms associated with Zhao Ziyang, and some dissent on other controversial but relatively non-threatening issues.

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- o But the battle is far from over, and a further easing of repression is by no means assured.

— Recent reports indicate that a number of political detainees will soon be put on trial. The families of liberal journalists Wang Juntao and Chen Zeming reportedly have been notified that they have been charged with sedition. Our best guess — and no more than that — is that some dozens are likely to be tried, and may draw sentences ranging up to 15 years or more.

We do not know how many remain imprisoned without trial for their actions last year; a reasonable guess would be 250-400 nationwide. A propaganda official recently expressed hope that most of them would be released by year end, but only if they confess their sins. Probably a few hundred have been sentenced by the courts for offenses connected with last year's protests, and as many as a few thousand others sent to labor reeducation camps without trial.

- Hardliners have gained effective control of the United Front Work Department and are attempting to push through a much more restrictive national law on religion. They encouraged a recent wave of raids on unofficial Protestant "house churches" and increased suppression of underground Catholic activities.
- Hardline ideologue Deng Liqun reportedly has seized control of the propaganda apparatus from moderate Li Ruihuan. Hundreds of publications have been closed, many for publishing "bourgeois liberal" ideas. Writers and artists are generally cowed, lying low and hoping to ride out the chill.

Tibet

- o Tibet remains a festering sore in bilateral relations. There remains the possibility of ethnic unrest, triggered either by a local grievance or turmoil elsewhere in China. In addition, pressure on relatives of dissidents in the US has been reported.

Harassment

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Nuclear Non-Proliferation

- o Since 1984 China has stated that it neither advocates nor encourages nuclear proliferation, abandoning its pro-proliferation stance of the 1960's and 70's. In 1984 China joined the IAEA and implemented IAEA safeguards on its nuclear exports.
- o The US-PRC Civil Nuclear Cooperation Agreement entered into force in December 1985. In approving it, however, Congress prohibited exports under the agreement until the President provided to Congress a certification and a separate report on China's nuclear non-proliferation policies. These requirements have not been met and no cooperation has taken place under the agreement.
- Since Tiananmen, even minor assistance to China's nuclear safety program has halted due to legislative prohibition.

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- o For the first time the Chinese attended the NPT review conference this year.

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ISSUES IN U.S.-CHINA ECONOMIC RELATIONS

The economic relationship provides major incentives for China to cooperate with the U.S. and take into account U.S. interests. The U.S. is China's largest export market. We have invested more in China than any other country, including Japan. We are a major source of high-technology products, including sophisticated computers, telecommunications equipment and satellites. And our support can serve Chinese interests in international economic organizations, such as the World Bank, Asian Development Bank, IMF and GATT.

China's Economic Problems

China's economy continues to experience serious problems. While draconian economic measures have sharply reduced inflation and resulted in a large trade surplus, industrial growth also plummeted from the 15-20 percent range to an annual rate of less than five percent during 1990. Growth in the state sector is particularly anemic and contrasts markedly with robust activity among non-state and joint venture enterprises. The debate over structural economic reforms remains intense, with conservatives associated with Premier Li Peng pressing for expanded state control over the economy and a limited role for market forces. Disagreement over economic policy is believed to be the main reason for a delay in the next party plenum and completion of the five-year plan for 1991-96.

What China Wants from U.S.

We are China's biggest export market. Key economic issues for China include retention of most-favored-nation (MFN) status, improved access to high-technology products and a relaxation of our economic sanctions, particularly on World Bank and Asian Development Bank lending. The licensing of satellite exports and renewal of the bilateral science cooperation agreement are also important. Finally, Beijing continues to seek our help in advancing its GATT application and facilitating its participation in Asia Pacific Economic Cooperation (APEC) meetings.

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U.S. Economic Agenda

We also have an important economic agenda. Improved market access for U.S. exporters and investors remains a priority objective. Always a problem, market access has worsened over the past two years of economic retrenchment. With the bilateral trade deficit set to exceed \$10 billion in 1990, the lack of equality in market access is likely to become a higher profile political issue and could affect--adversely--the MFN renewal debate next spring unless we can show progress. Stronger protection of intellectual property rights (IPR) is a priority objective as well. While China has made significant progress, including passage of a new copyright law this summer, protection of patents and copyrights remains inadequate and a matter of serious concern to U.S. industry.

Continuing bilateral science cooperation not only serves the interests of our scientific community but also facilitates contact with an elite, influential stratum of Chinese society. We need to resolve differences over how to protect intellectual property created in joint science projects before we can renew the bilateral science agreement.

China's participation in the GATT and APEC process could also benefit the U.S. by encouraging economic cooperation and adherence to international trade and investment norms. Movement on China's GATT application, however, came to a halt after Tiananmen because of concerns about the slowdown in economic reform and the expansion in trade barriers. Unless China can provide credible assurances that its trade regime will become more GATT compatible, it will have difficulty convincing the U.S. and other key members to advance its application. Taiwan's interest in joining GATT as a separate customs entity creates additional political complications since China is adamant that it must enter first.

With regard to APEC, a formula needs to be developed that will accommodate the participation of Taiwan and Hong Kong as well as China. Korea has the lead on this but has made no progress thus far. The next APEC ministerial is in October 1991.

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TAIWAN

Taiwan-PRC: Competition and Cooperation

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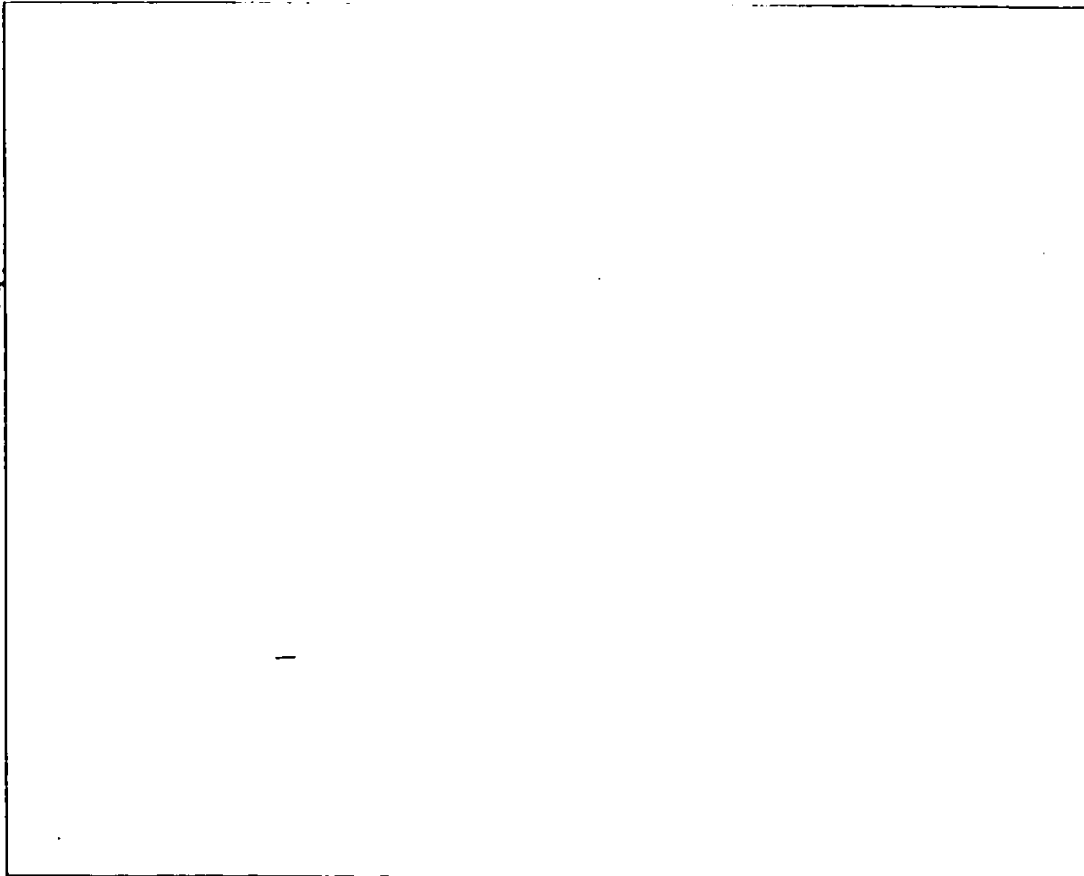
The US Role

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Arms Sales



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GATT



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- o We have told both China and Taiwan that we want accession for each on meaningful terms agreed upon by GATT contracting parties.

APEC

- o The July APEC Ministerial agreed that consultations should proceed with the PRC, Hong Kong and Taiwan to reach arrangements agreeable to those three and to the current members of APEC for participation as soon as possible and at the same time.



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- o The PRC's position is that it should enter as a sovereign state, with observer status at a later date for Taiwan and Hong Kong.
- o Taiwan has made clear that it wants to come in as a full participant, given the nature of APEC as a grouping of economies.
- o APEC members have agreed that as the current "Chairman" (host of the next ministerial), Korea should take the lead in consulting with the three governments towards reaching an acceptable compromise.
- o We believe the strategy should be to let the PRC and Taiwan work out a compromise without letting the U.S. get caught in the middle.


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